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EAST EUROPE REPORT

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LIVING STANDARD DEVELOPMENTS 1976-81 DISCUSSED

Prague STATISTIKA in Czech No 5, 1981 pp 208-214

[Article by Božena Nentvichová : "On Some Aspects of Development of Living Standard between 1976 and 1981 Elections"]

[Text] The tendencies in the development of the living standard which became apparent as early as the first half of the 1970's strengthened during the 1976-1980 period. They originated in the high level of material consumption and general living conditions attained by citizens which was accompanied by the rapid increase in the demands for satisfaction of qualitatively higher, less essential needs.

It was stated at the 14th CPCZ Congress in 1971 that the transformation of labor, development of qualification and education, elimination of differences between town and village and the changes in the living environment would increasingly affect the changes in the structure of needs and people's way of life. The importance of the increase in the living standard was emphasized by reference to the fact that the development of the society reached the stage in which a permanent, balanced and overall increase in the living standard became not only an important manifestation of the advantages of socialism, but also a necessary condition for its further socialist development, in which the increase in the standard of living exerted—and would exert for a long time to come—an increasingly active influence on the development of productive forces and represented an irreplaceable stimulus for increased labor productivity. However, the increase in material consumption is not regarded as an end in itself, but as the basis for the overall enrichment of life and development of people's creative faculties, for the development of those elements and aspects which promote the socialist way of life in the society, in individuals and in mutual relations between them.

The 15th CPCZ Congress, which took place in April 1976, evaluated the development during the first half of the 1980's and approved the "Guideline for the Economic and Social Development of the CSSR during the 1976-1980 period". It set the following fundamental objective for the period of the Sixth Five-Year Plan: "in accordance with the promotion of the socialist way of life, to ensure the satisfaction of increasing material and spiritual needs of the population, and further consolidation of its life and social securities on the basis of permanent development and high efficiency of social production and quality of all work."

The living standard attained at the beginning of the 1980's which was made possible by the results of the Sixth Five-Year Plan can be characterized particularly by the following facts:

In nutrition whose structure is continuously improved according to the recommendations of dieticians, the sales and consumption of biologically more valuable food items of animal origin increased. In comparison with 1975, consumption per capita in 1980 increased, according to the preliminary estimates, as follows: of meat by another 3.5 kg to 84.6 kg (17.7 percent increase over the 1970 level); of milk and milk products by 17.6 kg to 228.0 kg (a 16.2 percent increase of 1970); of eggs by 14 to 311 in 1979 (a 12.3 percent increase over 1970). On the other hand, flour consumption per capita declined, while sugar and fats consumption became essentially stable. Fruit and vegetable consumption has as yet not reached the necessary level. The present daily energy value of consumed food already exceeds by 8 percent the recommended nutrition allowance which is fully covered in protein, but exceeded in fats and saccharides. The demands increase for higher quality--and thus also more expensive--products in individual food groups and thus also for corresponding forms of serving meals.

The demands for time and labor savings in preparation of meals are reflected in the increasing consumption of products of the canning and frozen food industries, in the increased volume of serving in public catering establishments both in restaurants and factory and school cafeterias some of which are not able to fully meet demand. This form of eating is gaining increasing importance and is preferred to the preparation of meals in households.

Clothing and footwear are significantly affected by fashion and esthetic influences related to the higher demands for the assortment and quality of products, their easy maintenance, adequate services of repair shops, laundries and dry-cleaning establishments. In 1979, for example, per capita consumption amounted to 50.05 meters of fabrics, 2.86 pieces of clothing, 4.69 pieces of knitted dresses and 4.52 of pairs of shoes. In terms of quantity, textile and footwear consumption is essentially stabilized. There are still considerable possibilities of better satisfaction of citizens' needs in the improvement of structure and quality of textile goods and footwear.

Considerable progress was made during the 1970's in the solution of the housing problem. The annual plan of construction of 100,000 apartments was surpassed for the first time in 1970. A total of 647,000 apartments were constructed during the Sixth Five-Year Plan, that is on the average more than 129,000 per year. In other words, a total of 31,700 more apartments were completed than during the Fifth Five-Year Plan. At the same time, however, considerable numbers of old apartments were eliminated in the last decade.

The increasing demands for comfort and rest after work, for supplementary education and abundant cultural life call also for bigger apartments and better amenities, public utilities and repair and maintenance services, cleaning up of apartments, bathrooms and so on.

According to the population, houses and apartments census taken on 1 November 1980, there was a total number of 4,906,000 inhabited apartments with an average floor area of living rooms of 43.8 m² [square meters]. The number of apartments with a bathroom or shower increased from 56.4 percent in 1970 to 79.7 percent in 1980. More than 55 percent of apartments have either central or floor heating. The

number of apartments linked to the main water supply system increased from 75.3 percent in 1970 to 87.9 percent in 1980.

Due to modernization and a larger number of household appliances, the consumption of refined fuels by households continued to increase. The electricity consumption in households per capita amounted to 536.9 kWh in 1979 which was almost 25 percent more than in 1975 and 92.6 percent more than in 1970. Gas consumption in households per capita amounted to 129.4 m³ [Cubic meters] in 1979 which represented a 15.3 percent increase over the 1976 level.

Sales of durable goods for households increased at a high rate. These products are naturally more expensive than conventional types of goods and presume a certain stage of material affluence. The number of households equipped with these appliances is very satisfactory. According to the population, houses and apartments census in 1980,*) per 100 households there were 87 refrigerators (61 in 1970), 87 television sets including 5 color television sets (75 in 1970), 83 washing machines including 23 automatic washing machines (67 washing machines in 1970).

Improved health care was reflected in the further development of preventive and medical care, good nutrition, continuously improving sanitary and housing conditions, better sports and recreational facilities for the citizens. Significant improvements were achieved in care for mother and child, which was reflected in the improvement of indicators of population reproduction. According to the 1 November 1980 population census, the Czechoslovak Socialist Republic had 15,277,000 permanent residents which was 932,000 more than in the population census taken on 1 December 1970.

Apart from material consumption (medicines and drugs, hygiene and beauty aids as well as of sporting goods whose sales or free consumption increased at a high rate), health care is reflected also in the construction of many health establishments, sports and recreational facilities as well as in the increased labor force in these establishments. The citizens themselves through the "Z" [Beautification] campaign significantly participated in the construction of many of these facilities.

The number of inhabitants per physician further declined: it amounted to 315 persons in 1980 (as against 432 persons in 1970 and 366 persons in 1975). additional funds were spent on improving health care in territorial districts, factories and schools. Medical centers were supplied with additional equipment, the bed capacity of health establishments increased. The number of beds in health establishments increased by 5 percent from 1975 to 190,400 in 1980 including those in hospitals by 2.9 percent to 119,200. A further development was registered in medical treatment in spas: more than 2.1 million patients were sent to 133 medical centers in spas in the last 5 years.

Expenditures on medicines and drugs in the health establishments administered by national committees amounted to Kcs 3.38 billion in 1979. Expenditures on medicines per capita amounted to Kcs 221, which was 29 percent more than in 1975 and 132 percent more than in 1970. Some medicines, however, were not available in the required

*) The total number of appliances in the household was not recorded, only whether the household had the respective appliance.

quantity. The big increase in consumption of medicines makes it imperative to make more economical use of them.

The number of places in day nurseries considerably increased, but--although the plan of expansion of nursery capacities was surpassed--the supply could not cope with the demand. There were already 9.0 places in the nurseries for 100 children of appropriate age in 1980. The number of places in the nurseries increased approximately by 25 percent since 1975 to 89,000 and in the joint "nursery-kindergarten" establishments by almost two-thirds to 23,000 in 1980. A particularly rapid increase was registered in the number of places in the plant nurseries including JZD [unified agricultural cooperatives] which accounted for 25 percent of the total capacity.

A similar situation exists in regard to kindergartens, whose network and capacity also substantially expanded. There are 695,000 children registered in kindergartens during the 1980/1981 school year which is 220,000 more than in 1975. The kindergarten is attended by 83 out of 100 children of appropriate age today (67 children in 1975, 58 children in 1970). Although their capacity has been expanded, all children could not be placed. This situation slows down the return of women to work and unfavorably affects the output of some production sectors and services which largely employ young female workers.

Considerable attention was paid during the Sixth Five-Year Plan to the needs of upbringing in schools and education. This resulted in the reorganization of the educational system. There was a constant increase in the number of young people who are preparing themselves, upon the completion of the basic school, for their future employment in vocational or selective schools. There were almost 12 percent of the total number of apprentices in training with a graduation examination [maturita] as compared with 2 percent in 1975. Per 1,000 inhabitants in the 15-19 year group, there were 353 day students at high schools in 1980 (282 students in 1975 and 250 students in 1970), while per 1,000 inhabitants in the 20-24 age group there were 130 day students at colleges and universities (93 in 1975 and 81 in 1970).

Due to the rapid development of education and qualification, proper employment of people with such background becomes increasingly more urgent. There are considerable reserves here because relatively large numbers of persons do not work in the field for which they become qualified by their training or studies. This fact is caused by a variety of factors, such as wage relations, work opportunities in the place of residence and so on.

The increase in the living standard is reflected in the rising demands for transportation and communications services.

In passenger transportation, principal attention was focused on improving transportation in commuting to work, for recreation, pleasure, sports and culture. In this respect, passenger transportation by the subway in Prague is of great importance. At the present time, the Prague metro operates on tracks 30 km long and carried 217 million passengers in 1980, which is more than three times as many as in 1975. However, there still are considerable reserves both by transportation enterprises and passengers in improving travel comfort. Transportation by private cars registered a considerable expansion. According to the population, houses and

enterprises) effectively aims at the elimination, or at least mitigation, of adverse effects of scientific-technological progress—noise, air, water and soil pollution and other damage to the living environment, at providing more technical facilities for towns and communities. These projects have become absolutely indispensable for the satisfaction of citizens' basic needs.

Together with the changes in the structure and forms of satisfaction of needs, there was a significant change in financing consumption (that is, from the resources owned by the individual or from society's funds) during the Sixth Five-Year Plan. Although the amount of products and services supplied to the population free of charge or for a nominal fee constantly increased, the citizens used their monetary income for financing most of their needs.

Total personal incomes amounted to Kcs 357.1 billion in 1980 and rose 22.3 percent in comparison with 1975. Due to changes in living costs, real personal incomes increased 11.4 percent.

The average nominal wage of workers in the socialist sector of the national economy (excluding JZD) increased Kcs 339 in 5 years and amounted to Kcs 2,643 in 1980. The difference between the average wage of the worker in the socialist sector of the national economy (excluding JZD) and average monthly remuneration of the worker in JZD continued to decline in the 1970's and has already been eliminated by now. While the increase in the amount of monetary incomes from wages was also affected, in addition to the prevailing factor, the increase in the average wage, by increased employment, in agriculture the increase in average remuneration was the only factor responsible for the increase in monetary incomes.

The effect of major measures enacted in the area of social security (a new law on social security went into effect at the beginning of the Sixth Five-Year Plan and the benefits were revised on 23 July 1979) was reflected in the increase of personal social incomes, which constituted the most rapidly growing component of total monetary incomes: they increased 31.7 percent in 1980 in comparison with 1975. The average monthly old-age benefit increased from Kcs 953 in 1975 to Kcs 1,185 in 1980. The share of newly granted higher benefits in the benefits structure increased. The total amount of direct monetary assistance to families with children increased from Kcs 15.3 billion in 1975 to Kcs 19.4 billion in 1980.

Social consumption by the population is a significant part the social security of citizens (and some of its components are also an important factor in the replacement of labor and development of man's creative faculties). It registered a considerable increase in the 1970's: it was 27.3 percent larger in 1980 than in 1975. The average rate of social consumption funds per capita is Kcs 8,900 today: Kcs 4,513 in the form of monetary incomes and Kcs 4,387 in the form of products and services supplied free of charge (the respective figures for 1975 were Kcs 7,230, Kcs 3,541 and Kcs 3,689).

Attention paid to the development of the population's social consumption and to the creation of necessary material and personnel conditions for desirable functioning of services is evident from the consistent increase in the labor force and capital assets in the nonproduction sphere. Of the total 280,000-person increase in the

labor force during the Sixth Five-Year Plan, the nonproduction sphere accounted for 168,000 persons or 60 percent. Of the total volume of capital assets in the value of Kcs 2.5 trillion, the nonproduction sphere accounts for approximately 43 percent.

The increase in education and cultural level of citizen and of worker qualification; the improvement of health and reproduction of the population; improvements in environmental pollution control in some parts of the republic; expansion of municipal transportation; transportation connections even with the most remote communities; cheap and good housing; beautification of communities, all this is among the basic, --quantifiable--effects of the nonproduction sphere on which a steadily increasing amount of social consumption funds is spent.

It is rather difficult to determine the relation between results and costs or to find whether the effect increased commensurably to the funds spent. In a way, the socialist society is not interested in expressing this in figures because certain activities are taken for granted. Nevertheless, the criterion of efficiency should also be applied to this area because--although the studies in this respect have as yet not been completed--it is well-known fact that funds are frequently spent uneconomically and that a greater effect could be achieved at the same cost.

Thus in the performance of the nonproduction sphere, it is necessary to examine how much the respective service costs and whether the respective institutions (schools, hospitals, cultural establishments and so on) which render service operate economically. The problem of economical operation is not simple: It is known, for example, that due to the shortage of nurses and charwomen, certain sections of Prague hospitals were closed down and physicians were idle, which made all the operations less efficient.

As the wealth of the society increases, problems arise in connection with economical consumption of products both paid for or supplied to the population free of charge by the service institutions. In a number of instances products are not handled as economically as they used to be in the past. For example, pieces of bread or rolls left behind in ashtrays point both to the inferior quality of products or to their defective distribution, and to the incorrect estimates of consumption volume by the purchasing agents. Random checks reveal that a similar situation exists in regard to medicines and drugs (citizens do not know how much they receive in this form because they put eye drops, for example, which cost a few hellers in the same category as expensive antibiotics) or textbooks and school aids. It is absolutely imperative that citizens be educated toward economy if funds spent are to be used more effectively.

Since the criterion of efficiency must be observed, the entire nonproduction sphere faces large tasks. The point is to increase efficiency in two respects: more needs must be satisfied with the same amount of funds and the services rendered must be of a higher quality. It is, of course, sometimes difficult to quantify increased efficiency, particularly if it is reflected in the contentment of citizens.

The application of scientific and technological achievements must also contribute to greater efficiency of funds spent on the development of the nonproduction sphere.

apartments census, 38 percent of households possessed a private car in 1980 (18 percent in 1979). Among sales of industrial products, the sales of means of transportation increased most rapidly. There is a similar situation in regard to services paid for by the population, where receipts from the population for services, repairs and maintenance of motor vehicles increased most rapidly.

There were 20.6 telephone stations per 100 inhabitants by the end of 1980. Although the number of telephone stations has continuously increased, the number of requests for installation of telephones is still considerable.

Due to the high degree of satisfaction of needs for nutrition, clothing and footwear, housing, medical care, education, and transportation and communications, the needs related to the overall harmonious development of man rapidly expanded. The less essential a need is, the more services it requires. This lays considerable demands not only on materially providing them, but also presumes the systematic expansion and improvement of the material basis, particularly of the tertiary sectors, granting additional funds and adequate personnel to the service institutions. The satisfaction of these needs also requires enough leisure. Practically every worker has every third day free in the CSSR today. Conditions are therefore systematically created for using leisure for an active rest, for improvement of health and overall development of the personality. The population's earnings and expenditures from social consumption funds make it possible for citizens to use their leisure for improving their education, for attendance of cultural events, for pursuing different hobbies, for improving their health, for recreation and sports.

The number of part-time student-workers increased considerably during the 1976-1980 period: 23 percent of workers were part-time students at all types of high schools in 1980, while their number studying at the institutions of higher learning increased 41 percent since 1975. At the present time, 2 percent of all workers in the national economy are part-time students at high schools and colleges. Under the conditions of full employment, this study is of great importance because it enables qualification improvement without interruption of regular work.

Tourist travel has rapidly expanded. The number of citizens who traveled abroad during their vacation in 1980 increased 41.4 percent in comparison with 1975. During the entire 1976-1980 period, 45,822,000 citizens traveled abroad, which means that on the average every USSR citizen left the country three times. The accommodation possibilities for domestic tourists and the number of beds available to them also increased.

The possibilities of abundant cultural life for the citizens also increased, last but not least also due to the activity of citizens themselves. Within the "Z" campaign there were built, for example, 905 establishments for adult education and 624 community centers during the Sixth Five-Year Plan. The same applies to physical education where, for example, 329 gymnasiums and 176 bathing establishments and swimming pools were built within the "Z" campaign.

The problems of living and working environment began to be more consistently dealt with in the 1970's. The spending of considerable funds primarily from the all-society resources (the cost of these projects can be borne only partly even by big

Scientific progress in medical care, for example, aims at conducting diagnoses by automatic analyzers and evaluation of results by computers. There seems to be a need throughout the world for the central registration of the population's health by means of automatic counters. All this would make the work of workers in the health sector "more productive" and improve the quality of services rendered (but would also require, of course, additional investments).

The same applies to the school system which must insist on the systematic supplementary training of workers that is necessary due to the structural changes brought about by the scientific-technological revolution. On the other hand, better education and the higher educational level of citizens are prerequisites for the implementation of scientific-technological progress and for increasing the wealth of the society, which will make it possible to obtain the necessary knowledge from foreign countries on a much larger scale than before. In this sense, the nonproduction sphere occupies a key position today.

The accumulation of scientific knowledge has become one of the basic conditions of scientific-technological progress. There are considerable possibilities in this respect for integration and international cooperation, both in the area of production and science and research, as well as in the school system, health care, culture and other areas, such as protection of the environment. It is necessary to hold conferences on these problems and learn from other peoples' experiences bearing in mind that every country faces its specific problems.

The necessity of spending social funds more effectively and of more efficient use of the labor force in the nonproduction sphere is emphasized also in the "Principal Directions of Economic and Social Development of the CSSR during the 1981-1985 Period."

The elections to all levels of legislative bodies in the CSSR should provide a stimulus not only for reviewing of how the living standard increased since the last elections, but also for an effective mobilization of internal reserves for the intensification of further development and high efficiency of the economy. Only thus will it be possible to accomplish the key objective of party economic and social policy during the period of the Seventh Five-Year Plan: despite the substantially more difficult external and internal conditions, to maintain and further improve the existing high living standard of the population and its social security in accordance with the results achieved in the development of the national economy.

Note: The 1980 data are preliminary or based on estimates.

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APRIL 1981 ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech 29 May 81 p 2

[Summary by the Federal Statistical Office: "April 1981"]

[Text] In the development of the national economy the following basic results were achieved in April 1981 (with the same number of working days as in April 1980):

-- in industry, production volume was higher than in April 1980 and shipments by industrial enterprises for domestic trade and exports were increased;

-- in the building industry, the volume of construction performed with internal labor resources was below the level of April 1980;

-- in agriculture, purchases of slaughter animals, slaughter poultry and eggs were larger, but those of milk smaller, than in April 1980;

-- in foreign trade, total imports were larger, while total exports were below the level of April 1980;

-- in domestic trade, the retail trade turnover in all main trade system accelerated.

The enterprise plans of production and of adjusted value added were not fulfilled in industry and building industry in April.

There were 2 fewer working days during the January-April period than during the first 4 months last year. From the beginning of the year to the end of April the annual state plan was fulfilled as follows: 32.9 percent in industrial production volume, 27.7 percent in construction performed with own labor resources, 33.0 percent of purchases of slaughter animal including poultry, 30.1 percent of total imports, 29.9 percent of total exports. The number of working days during the January-April period accounted for 32.7 percent of working days in 1981.

In centrally planned industries, the enterprise plans of adjusted outputs (according to the preliminary results) were generally fulfilled 101.5 percent, but 275 enterprises, or 25.3 percent of the total number, failed to meet this indicator during the January-April period. Particularly low fulfillment of the

plan of adjusted outputs was by the enterprises of the woodworking industry and ferrous metallurgy. In comparison with the same period last year, industrial production volume increased 1.5 percent and its value amounted to Kcs 207.9 billion during the January-April 1981 period. Average daily production increased 4.0 percent during the first 4 months of the year. The state plan anticipates a 2.8 percent increase in production for the entire year. Although the enterprise plans of industrial production were generally fulfilled 100.3 percent, 214 enterprises, or 25.2 percent of the total number, failed to meet the plan targets during the January-April period of 1981. The production plans were not fulfilled primarily by the enterprises of heavy and general engineering, chemical industry, crude-oil-processing industry and woodworking industry.

In the sales of industrial products at wholesale prices, the deliveries for manufacturing consumption increased 3.8 percent, deliveries for export to the socialist countries 1.6 percent and to the nonsocialist countries 1.9 percent during the January-April period of 1981 over the level in the same period last year. Domestic trade deliveries were below the level of the January-April 1980 period, although this indicator in the enterprise plans was met 102.3 percent. The enterprise plans were substantially surpassed in deliveries for export to the socialist countries (by 8.7 percent), while the plan of deliveries for export to the nonsocialist countries was fulfilled 103.9 percent and deliveries for investment projects 101.7 percent during the January-April 1981 period.

Some enterprises, however, failed to meet their sales-plan targets during the January-April 1981 period. The plan of deliveries to domestic trade at wholesale prices was not fulfilled by 15.4 percent of enterprises for which this indicator was specified in the plan, while the targets set for export to the socialist countries were not met by 15.2 percent of enterprises and the targets set for export to the nonsocialist countries by 27.6 percent of enterprises involved.

In agriculture, the spring sowing of grain crops and legumes was completed on schedule, and the sowing of sugar beet is coming to a close. As of 11 May, potatoes had been planted on 98.7 percent of planned areas, corn for grain on 98.2 percent of planned areas. In animal production, the herd of domestic animals continued to increase. The purchase schedule in regard to all main animal products was surpassed by the end of April, while the biggest excess was registered in the purchase of eggs and slaughter pigs. The purchases of slaughter animals including poultry increased 25,000 tons and of eggs 32.9 million, while the purchase of milk decreased 32.7 million liters in comparison with the January-April period last year.

In the building industry, the monthly enterprise plans of construction production were fulfilled 95.5 percent in April. In comparison with April 1980, the volume of construction work performed with own labor declined 1.6 percent and reached the value of Kcs 7 billion. Labor productivity of construction workers also declined 1.5 percent in comparison with April 1980. From the beginning of the year to the end of April, construction enterprises completed work performed with own labor in the value of Kcs 23.8 billion or 2.4 percent less than during the same period of last year. Average daily production remained on the same level as during the corresponding period last year. The enterprise plans of construction

production were fulfilled 96.8 percent and of adjusted outputs 98.5 percent during the first 4 months of the year.

Contracting construction enterprises completed 5,033 apartments from the beginning of the year to the end of April. The annual state plan was fulfilled 7.3 percent [sic] during the 4 months of the year.

Public freight transportation generally met the April transportation targets 102.1 percent. In comparison with April 1980, the volume of goods carried by public freight transportation increased 6.5 percent. The April plan targets were also surpassed in total railroad loading and in average daily loading per freight car unit. The plan for transportation of goods was generally fulfilled 101.3 percent, including railroad transportation 98.9 percent, CSAD [Czechoslovak State Automobile Transportation] 103.6 percent and river transportation 95.8 percent. A total of 206.9 million tons of goods were transported during 4 months, or 3.6 percent more than during the same period last year. The overall railroad loading volume during the first 4 months of this year increased 3 percent over the level attained during the same period last year.

In foreign trade, in comparison with the same period last year, total exports at current prices increased 7.9 percent and total imports 5.3 percent. By the end of April, the annual plan targets were fulfilled 30.3 percent in exports to the socialist countries, 29.1 percent in exports to the nonsocialist countries, 29.2 percent in imports from the socialist countries and 31.3 percent from the nonsocialist countries.

In domestic trade at current prices, the population bought goods in the main trade systems in the value of Kcs 18.1 billion, or 3 percent more than in the corresponding period last year. The most rapid increase was registered in the following trade organizations: Klenoty [Gems] (105.7), Potravinarsky obchod [Food Trade] (105) and Trade in Industrial Goods (103.8). In comparison with the previous months of this year, the increase in retail turnover of Shoe Trade slowed down (98.8).

From the beginning of the year to the end of April, the retail trade turnover reached the growth rate of 100.2. The enterprise plans for increase in the retail trade turnover were fulfilled 99.3 percent during this period. The highest growth rates in surpassing the enterprised plans was achieved by the retail trade turnover in Klenoty (growth rate 107.3, plan fulfillment 102.9 percent) and Footwear (growth rate 105, plan fulfillment 105.3 percent) during the January-April period. The retail trade turnover in Fruit and Vegetable Trade, Furniture Trade, Textile Trade and in Department Stores remained below the level during the same period last year.

Personal incomes increased 2.3 percent, or Kcs 2.6 billion, during the January-April 1981 period in comparison with the same period last year.

Savings deposits were Kcs 160.5 billion as of 15 April 1981.

Money supply was Kcs 44.4 billion as of 30 April 1981.

Basic Indicators of National Economy's Development in April 1981
Increases Over Comparable 1980 Period (in percent)

	Apr	Jan- Apr	State Plan ¹
<u>Deliveries by Centrally Administered Industry for:</u>			
- Total investments at wholesale prices		- 0.7	3.5
- Domestic Market at wholesale prices	-	- 0.4	1.3
at retail prices	-	- 1.1	2.3
- Export to Socialist countries			
at wholesale prices	-	1.6	1.4
at FOB prices	-	1.2	3.5
- Export to nonsocialist countries			
at wholesale prices	-	1.9	- 0.2
at FOB prices	-	5.0	- 1.0
- Other sales for production consumption and operations at wholesale prices	-	3.8	-
Volume of industrial production	1.9	1.5	2.8 ²
Average number of employees	0.7	0.6	0.5
Labor productivity based on industrial production	1.2	0.9	2.2
<u>Construction:</u>			
Construction performed with internal labor resources	- 1.6	- 2.4	2.8
Average number of employees	- 0.1	- 0.3	0.0
Labor productivity based on construction work	- 1.5	- 2.1	2.8
Housing units delivered by contracting enterprises	-40.3	-50.7	-15.9
<u>Procurement:</u>			
Slaughter animals (including poultry)	2.8	4.5	- 1.4 ²
Milk	- 0.7	- 2.1	0.7 ²
Eggs	4.2	3.8	- 0.8 ²
<u>Retail Turnover:</u>			
Of main trade systems	3.0	0.2	3.0 ^{2 3}
<u>Foreign Trade:</u>			
Export to Socialist countries	6.3	8.3	1.7 ²
Export to nonsocialist countries	-31.1	7.4	2.9 ²
Import from Socialist countries	- 0.8	6.9	1.1 ²
Import from nonsocialist countries	8.0	3.3	2.2 ²
<u>Personal Earnings:⁶</u>			
	3.5	2.3	4.5 ⁵
of which: wages	3.0	2.1	3.1
actual cash expenditures	3.1	0.4	3.5 ⁵

FOOTNOTES

1. Increases compared to expected 1980 results.
2. Increases compared to actual 1980 results.
3. All trade systems.
4. Data on actual results refer to actual transactions and the state plan (as distinguished from overall actual results) does not include unplanned actions in the framework of cooperation, unplanned reexport trade, exchanges, and conditional trade transactions, etc.
5. Including estimated interest on loans.
6. Data based on treasury plan of the SBCS (CS State Bank).

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CSO: 2400/239

MANAGEMENT UNDER SET OF MEASURES REVIEWED

Prague MODERNI RIZENI in Czech No 6, 1981 pp 6-10

[Excerpt from introduction by Eng Leopold Ler, candidate for doctor of science, minister of Finance of the CCR, and chairman of the government Committee on Planned Management Problems in the National Economy]

[Excerpt] The implementation of the Set of Measures which has been going on since the beginning of the year has not been, and will not be, a problem-free undertaking. The entire management system rests to a great extent on the way in which people comprehend it and integrate it into their operation under specific conditions at the ministry, economic production unit, enterprise, factory, and workshop levels. Above all, it is the managerial employees who will set in motion this entire new economic mechanism in everyday, practical activities. The link between the determination of wages payable and the level and efficiency of internal enterprise labor force performance, the connection between the possibility for modernizing capital assets and the generation of internal resources and the utilization of existing capital assets, the realization of social measures for worker collectives according to the assurance of social requirements and achieved economic performance, all are conditions which are substantially more strict than those under which we have operated in the past. And it must be admitted that there are still supervisory managerial employees who have yet to adapt themselves to this harsh reality, judging from the first-quarter results in the fulfillment of the economic plan objectives. On the other hand, there are economic production units and enterprises which prepared themselves well for the Set of Measures, and which have been successfully implementing plan objectives according to the Set of Measures since the beginning of the year. The successes of these organizations are for the most part based on their allocation of the principles of the Set of Measures to their internal enterprise departments in terms of indicators and standards which express concretely the targets of individual workplaces in such a way that the targets for the enterprise as a whole are also met. This is the only proper understanding of the intentions of the management system, which presumes responsible and initiative-taking managerial activity from every managerial employee, who will create through his working and decisionmaking style the "properly creative climate" within the management system and in mutual relationships.

It was emphasized in a number of delegate contributions at the 16th CPCZ Congress that where the workers are aware of their daily, 10-day monthly, quarterly, and

yearly targets, they will succeed in the even fulfillment of the tasks in terms of quantity and quality, people will develop initiatives toward exceeding targets, for the improved satisfaction of social requirements, for the achievement of higher labor productivity, greater efficiency and frugality.

For this reason, we place so much emphasis in the Set of Measures on the consistent application of khozraschet as an inseparable component of the planned management of socialist organizations. Khozraschet has been developed within the Set of Measures as a technique of planned management and industry, as a complete system of economic relationships between society and its economic components. Khozraschet functions on the basis of the plan, especially the five-year plan, which establishes the fundamental tasks, framework and certain basic instruments for the functioning of khozraschet. Khozraschet is utilized, then, for the assurance of the tasks established by the plan, at the same time that it exerts in turn an influence on plan formulation from the viewpoint of management efficiency. To this end, khozraschet employs instruments such as prices, wages, and finance. It must be emphasized that a substantial turnaround in the efficiency of specific khozraschet organizations may be assured only through the unified influence of a comprehensive plan and khozraschet instruments.

The Set of Measures provides a number of preconditions for the functioning of khozraschet, including:

- increasing the responsibility of economic production units and enterprises for performance achieved over the whole range of their activity;
- introducing organizational responsibility for the long-term fulfillment of planned objectives. The main organizational tasks will be evaluated not only annually, but also from the inception of the five-year plan;
- strengthening the role of merit in the whole system of economic incentives, which is an important khozraschet principle: This is achieved in the area of wages through a connection between the generation of wages payable and adjusted internal production and the return on productive assets, and in financial management by increasing the percentage of internal financial resources committed to the financing of the planned requirements of the organization.

The rigorousness of current scientific and technical development, the implementation of complex and costly investment projects and demanding foreign trade; necessitates the resolution of problems in all of these areas the existence of large, economically powerful organizational units. For this reason, we are gradually implementing a principle--making the basic management unit in the enterprise sphere the economic production unit, which will combine production enterprises, research and development firms, enterprises engaged in supplying and marketing, and additional organizations. The report presented by Comrade Gustav Husak, general secretary of the CPCZ Central Committee, at the 16th CPCZ Congress emphasized the following: "Completion of work on strengthening the role of economic production units as an important management element in the enterprise management sphere, assurance of the stabilization, simplification and increased efficiency of supplier-consumer relations, and the establishment of closer ties between the research laboratory and the concrete requirements of managerial practice are all pressing tasks for sectorial ministries in cooperation with economic production units. Increasing the efficiency of management work also means the energetic elimination

of unnecessary and redundant activities and clauses, the rationalization of work methods, and doing away with bureaucratic attitudes and paper-shuffling."

In the report of the CPCZ Central Committee on the main trends of economic and social development in the CSSR from 1981 to 1985, as presented by Comrade Lubomir Strougal, it is mentioned that, "At the same time there will be a retention, and at times a strengthening, of those functions and the authority of the enterprise which are related to its production and social objectives."

For this reason, even enterprise khozraschet must be designed in such a way that the enterprise may be evaluated on the basis of its performance, and rewarded on this basis, while at the same time being given an incentive to contribute to the performance of the economic production unit as a whole. The mutual management relations within the economic production unit, and the resultant authority and responsibility of the enterprises must be defined in the statutes of the economic production unit, which thereby become an important management instrument.

The growing economic pressure being generated by the principles embodied in the Set of Measures, as they have been implemented since the beginning of this year, is necessitating not only a strengthening of the khozraschet of economic production units and enterprises, but also improvements in the system of internal enterprise management, a strengthening of its economic aspects, and a calling forth of effort aimed at achieving the best possible performance. This implies the utilization of internal enterprise khozraschet, which is nearest to the workers, because production targets and efficiency are implemented at the workplace as material units and costs, in norm-hours of labor consumption, in norms for the consumption of materials, energy, and machine use. Internal enterprise khozraschet may exert an effective influence only on the basis of good operational planning, accurate norms and operational management, and on the basis of good documentation. We have enterprises which have achieved excellent performance in their internal enterprise management on the basis of internal enterprise khozraschet, but generally speaking the situation is far from satisfactory. Our experiences from the implementation of the Comprehensive Experiment showed us that those enterprises which have succeeded in implanting these principles and standards within the internal enterprise divisions are the ones which have achieved significantly better management performance. Now it is a matter of increasing the number of enterprises with positive results so that they will constitute a majority of the total in the shortest possible time.

In his report at the 16th CPCZ Congress concerning the major trends in the economic and social development of the CSSR from 1981 to 1985, Comrade Strougal stated: "The improvement of management will continue in the future to be an ongoing, creative process to which economic research must also make a contribution. This is mainly true in terms of long- and medium-range planning, where it is necessary to assure that the economic and social consequences of scientific and technical progress are integrated into the long-range programs for our national economic development. We will devote special attention to problems in the management of external relationships and, in conjunction with this, to currency, finance, and pricing instruments. There is also still no lack of problems in the planning and management of the investment projects."

For this reason, our economic research is assuring the task allotted to it by the federal government in Resolution No 42/1980, and is working on conceptual studies regarding the trends in the further development of the planned management system of the national economy. The expanded theses of these conceptual studies, which will provide for the simultaneous assurance of the above directive of the party Central Committee, will be discussed in detail by the Government Committee on Planned Management Problems in the National Economy at the beginning of the second half of this year.

Just as in the Sixth Five-Year Plan, we are counting on the experimental verification of certain elements of the improved management system in the Seventh Five-Year Plan as well. For instance, proposals have been drawn up for the verification of several additional management instruments in the area of foreign relations, which are spelled out in the Set of Measures for selected branches and fields. Their objective is the achievement of increased effectiveness in exports with the aid of improved incentives for receiving the highest possible prices abroad. We want to perform these experiments in those sectors and fields which realize a significant part of their production on foreign markets and where it is possible to increase rapidly the effectiveness of exports through a targeted structural and product-mix change.

We are assuming that on the basis of a thorough evaluation of the effectiveness of individual principles contained in the Set of Measures for Improving the Planned Management System of the National Economy, the management system will be further intensified and that new elements in specific sectors will be experimentally verified according to need.

Criticism of the growth on the administrative difficulties of management was contained in both main documents of the 16th CPCZ Congress and came as well from the mouths of a number of delegates.

Administrative management stems from the necessary requirement in a socialist economy of managing and directing the behavior of all the factors of production. The development of production potential, scientific and technical progress, the shift to intensive economic development, all lead to an increase in standards and in the complexity of management both for the entire national economy and for its separate components. An increase in the centralization of management means, understandably, an increase in administrative work as well. A reduction in the difficulty of administrative work cannot, clearly, imply a simplification of problems which are difficult in and of themselves and require a disciplined managerial approach.

On the other hand, it is necessary to perceive that the constant growth in administrative work, and the overall style and techniques of management generally, are not only the result of these objective influences but are not adequate to deal with them. They are also brought about by specific tendencies toward a formalistic attitude, which puts great stock in paper-shuffling, and they do not serve the requirements of efficient management. And these are the instances which evoke justified criticism. People have become accustomed to arranging matters in written form, without the essential personal contact. In many instances, matters are approached formalistically, are not resolved according to merit, a process which suits those who fear assuming responsibility for a concrete decision.

There are a number of causes which lead to an increase in administrative work. The administrative demands of management have become a serious problem, one which requires objective evaluation and effective, gradual resolution. For this reason, analyses have begun of the administrative demands in specific sectors. This year, a comprehensive plan is being formulated for the management of sectors and economic production units, each of which must define rationally the tasks, authority, and responsibility of its managerial components. On the basis of the above projects, it will be feasible to formulate and to present to the CSSR Government a more comprehensive program of projects for reducing the level of administrative work in such a way that a whole range of jobs will be taken care of (for instance, planning, finance, statistics, accounting documentation, etc.)

However, we can achieve an immediate improvement in management efficiency if we eliminate everything that is no good to us and which takes away time which we can use for systematic and immediate contact with people, time for the inspection of task fulfillment.

The discussions of the 16th CPCZ Congress unambiguously point to a growth in the role of the individual--the managerial employee in the realization of the strategic line of the party, the struggle for the comprehensive intensification of our economy. The managerial employee who solves specific daily problems through a creative and initiative-taking attitude, who is capable of leading, motivating and organizing workers for the realization of an economic and social program, and who achieves positive results which benefit the entire society will also enjoy the full support of the party organs.

9276

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CHANGES IN CAPITAL FINANCING REVIEWED

Prague MODERNI RIZENI in Czech No 3, 1981 pp 28-32

[Article by Eng Stanislav Sourek, Federal Ministry of Finance]

[Text] Among the new financial regulations which went into effect on 1 January 1981 to implement the Set Measures for the Improvement of the System of Planned Management of the National Economy is also Regulation No 162/1980 of the Code on financing the reproduction of capital assets promulgated by the Federal Ministry of Finance and the chairman of the Czechoslovak State Bank. This decree contains important changes deviating from the current practice of VHJ's and enterprises.

Decree No 162/1980 of the Code implements primarily two basic stipulations of the Set of Measures, namely:

- Increasing the proportion and role of financial resources of VHJ's and enterprises, mainly of profits, in financing their needs, strengthening thereby also the khozraschet nature of the capital investment financing system.
- Applying consistently the criteria of efficiency as a condition of financing.

Two Funds

The most important change in capital financing is that investments of VHJ's and enterprises of practically all industrial and some other branches of the national economy will henceforth be financed for the first time from two funds--the construction fund and the development fund.

The construction fund is used to finance all key capital projects specifically approved at individual management levels, in other words all projects with budgets exceeding Kcs 2 million. The methods of creating and using the construction fund do not essentially differ from the current financing method from the construction fund. This fund is being established by all VHJ's or enterprises (enterprises establish such funds by direction of their VHJ) according to the financial plan from: part of the profit, part of funds amortizing capital assets, the central financial resources of the superior organ or even from the state budget and from

other sources as required by law. Investment credits for capital projects financed from the construction fund are being granted by the State Bank. VHJ's or enterprises of branches not required to establish development funds by law finance all their investments from the construction fund.

VHJ's and enterprises use the development fund to finance projects with budgets not exceeding Kcs 2 million and machinery and equipment not included in the budget of projects under construction. Therefore, included are primarily investments vital for modernizing and raising the technical standard of the production base. The development fund is a material incentive fund which is being established both by VHJ's and enterprises with the VHJ determining how the fund is to be formed, how large it is to be and what conditions will govern its use.

The development fund is being formed from profits and amortization funds of capital assets according to norms set down in the financial plan by the superior central branch organ for VHJ's and by VHJ's for enterprises to last for a considerable period of time (the five-year plan). The following standards govern the formation of the development fund:

- The profit-proportion standard stipulating the percentage of profit;
- The capital asset amortization standard stipulating the proportion of amortization rates.

The norm governing the proportion of profit to be used as an allocation to the fund mandates the fulfillment of two indicators with half the allocation dependent on the fulfillment of each of the two conditions. These indicators are: the profitability of means of production or the yield of capital assets and the distribution structure or the principal markets (where this indicator cannot be determined another mandatory indicator will be selected by a prescribed method). Nonfulfillment of mandatory indicators will result in a proportional reduction of the respective part of the profit allocation and when the lower limit of fulfillment is not attained the allocation lapses.

The State Bank will grant investment credits for projects financed from the development fund. In addition, some resources in excess of the plan can be used as allocations to the development funds:

- part of the preferred price received for technically advanced and first-quality products;
- money from the economic-incentive fund for the stimulation of exports;
- proceeds from the sale and discarding of unneeded and unusable machinery and equipment;
- resources accruing from the permanent acceleration of the turnover of supplies which have become available in the turnover fund by transferring the respective means from the turnover to the development fund.

The proportions of the various financial resources which, according to plan, are expected to contribute to overall capital expenditures financed from the development fund are stipulated by law, namely:

- the allocation from profits must amount to at least 30 percent and that from the amortization funds of capital assets normally to 40 percent of the volume of

investment and payments on investment credits financed from the development fund; --of the allocations exceeding the plan, a maximum of 25 percent of the standard allocation from profit can be channeled into the development fund (aside from the transfer of means from the turnover fund).

The nature of the development fund renders it necessary to plan investments financed from this fund in a specific manner. These investments are part of the state plan and their limits set by the state plan cannot be exceeded by individual central branch organs. While these organs do not specify further the amounts of investment financed from the development fund, they establish norms for their subordinate VHJ's governing the amounts of the allocations to their development funds, also indicating with the bank's consent the amount of bank credit recommended for these investments. The central organs will set aside the necessary investment reserve for investments financed from the development fund to be used as allocations to the development fund from resources exceeding the plan or from excess profits. A similar procedure is used by VHJ's in their dealings with subordinate enterprises.

Branches not required to establish development funds are specifically identified by law. Included are primarily enterprises managed by national committees, state agricultural production organizations and all state economic organizations whose relationship to the state budget is governed by the financial plan (they do not make relative contributions to the state budget from their profits). In some branches, for example, in building construction, only VHJ's with favorable conditions are called on to establish development funds.

Investments financed from the development fund constitute a relatively sizeable proportion of overall investments differentiated to a considerable degree by individual branches and even more by VHJ's. In industry, the proportion of these investments amounts to about 35 to 40 percent of overall investments but in some VHJ's this proportion is as high as 80 percent and even higher. Investments financed from the development fund are closely related to the overall management efficiency of VHJ's and enterprises, a factor which will help assure maximum efficiency of all capital projects undertaken by VHJ's and enterprises.

There is a rule that VHJ's and enterprises must pay for the consequences of their shortcomings in financing capital projects from the construction fund (cost overruns, failure to meet construction deadlines, etc.) either in full or in part. Detailed guidelines are yet to be issued to implement this important measure imposing rather severe penalties for the occurrence of shortcomings in the part of capital construction financed from the construction fund as a result of using resources from the development fund. This tie between the financing of projects from both the development and capital fund emphasizes the obligation of VHJ's and enterprises to maintain efficiency and meet indicators stipulated for all capital projects.

Financial Resources Are not Enough

Naturally, financing capital projects from the development fund is contingent on the accumulation of adequate financial resources in the fund. The most difficult task is the accumulation from profits of the required share which is designed to act as an incentive for the enterprise to show a profit. Nor is bank credit easy

to get and granted automatically, because the borrower must prove his ability to repay the loan which in turn assures efficient use of the credit. But funding the development fund is not the only condition on which the financing of these capital projects depends. The law requires that on the basis of guidelines drawn up to that end by the respective central organ, the central branch organ set for subordinate VHJ's (and VHJ's in turn for their enterprises) technical economic indicators as a condition for financing capital projects from the development fund. These indicators bear, on one hand, directly on capital investments financed from the development fund (for example, the proportion of modernizations financed by such investments, specific objectives to be attained by modernization, automation, establishment of production lines, etc.) and, on the other, on the impact the investments from the development fund have on the VHJ or the enterprise (for example, the impact on the overall return of machinery and equipment, shift work, renewal of means of production, etc.). These indicators must be fulfilled to assure uninterrupted financing from the development fund. It is the bank's duty to make sure of the fulfillment of the postulated indicators and stop the flow of credit where they are not met. What this means is that VHJ's or enterprises may be unable to finance capital projects even though they have money in their development funds.

The central branch organ has the authority to assign directly specific tasks to their subordinate VHJ's to be financed from the development fund which the VHJ's then are obligated to fulfil as mandatory tasks (for example, capital projects requiring imports, new labor resources, specific high-priority tasks, etc.).

VHJ's or enterprises with poor management records failing to fund their development funds adequately will be able to use them only for payment of their most urgent needs (from capital asset amortization resources) and will have to restrict their capital projects. But such cases will have wider repercussions because the problem does not concern only the VHJ but the entire industrial sector; therefore, the superior organ must take effective measures and even go so far as to impose a consolidation program and set specific tasks aiming at improving management, removing shortcomings and restarting accumulation of financial resources in the development fund to set the VHJ on its rightful course as fast as possible.

Basic changes contained in the new decree on financing the reproduction of capital assets establish an important economic relationship between the entire process of financing capital construction and the impact of the resulting projects and also the overall financial management of the respective VHJ or enterprise. But these are not the only changes. The decree also contains a number of minor changes from current legal practice which together help raise overall efficiency in this area of financial management. And this is not the only decree promulgated to ensure the fulfillment of this goal. The CSSR Government has approved the principles governing the granting of subsidies for investments from the state budget. These principles likewise reflect the importance of the role VHJ and enterprises' development funds play in financing investments and grant subsidies from the state budget only for investments where the funds available to VHJ's and enterprises are inadequate to assure the long-term planned development of an industrial sector.

In granting subsidies for capital projects from the state budget, efficiency of investment and compliance with set technical and economic indicators will be

strictly enforced. The application of the new decree of the Federal Ministry of Finance about penalties to be imposed for failure to bring imported machinery or equipment into operation within set deadlines which went into effect on 1 January 1981 will have a marked impact in practice.

While the new financial regulations implementing the Set of Measures will certainly contribute visibly to raising the efficiency of the entire process of reproduction of capital assets, attaining this goal requires the application of maximum effort in all sectors of planned management as well as in daily practical management decisions and organizational work at all levels.

8664

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PLANNING DIRECTOR INTERVIEWED ON ECONOMIC REFORM

Comment on Second Draft

Warsaw SZTANDAR MLODYCH in Polish 2 Jul 81 pp 1-2

[Interview with Prof Dr Jan Mujzel, director of the Planning Institute, member of the Reform Commission, by Malgorzata Pokojaska: "Without Slogans Against the Public"; date and place not given]

[Text] [Question] You are the co-author of the second version of basic assumptions of the economic reform, what actually influenced the commission to again start the work on the draft?

[Answer] Do you mean the commission proper or the editorial team created by the commission?

[Question] You are right of course, this time the work has been performed by an eight-member team of experts. When did it happen?

[Answer] We started about 7 June, when we were sort of "confined to barracks" in Serock, we finished on the 25th.

[Question] The team leader, who at the same time was the secretary of the commission, during an interview published in POLITYKA of 6 June 1981, even had indicated which particular elements would enrich the new draft. He also stated that the work should be finished by 10 June. If it were to actually happen that way there would still be enough time for any eventual amendments to the draft laws on enterprise and self-government, which are being criticized by a part of the work forces even though they are now waiting adoption in the Sejm.

[Answer] I do not know why we waited until June to start work on the second draft of the reform. I was not engaged in the organizational work. It is a fact, however, that from the very beginning, from the moment that the first version of the assumptions was completed, we were all aware of the fact that it would become necessary to undertake work on a second version. In the course of general discussion at the December meeting of the commission, there were many strongly diverging points of view. Following some small changes, the first draft of the basic assumptions was published in January. Perhaps it would have been better if this were preceded by an explanation regarding the many unresolved differences of position. Some readers had no doubt received an impression that the entire draft had been unanimously accepted by the several dozen members of the commission.

[Question] On the contrary. Immediately after the publication the readers had learned that actually nobody was claiming credit for authorship of "Basic Assumptions." Some of the conferees had actually declared themselves officially as nonparticipants....

[Answer] This really happened in the end. Afterward, there ensued wide public discussion. In the mass media, group meetings, work places and eventually in specialist circles. Additionally, the commission received letters with remarks, opinions and propositions. This discussion, sharply critical of the document, had shown to what degree it missed social expectations. This input was prepared by the secretary of the commission and was made available to us. When we started work on the second draft we were enriched by these lessons.

[Question] Well then, the dissatisfaction of the authors of the first draft and the sharp public criticism of this document were the deciding factors in the renewed work start.

[Answer] There was one more reason: In addition to the commission there were 11 problem teams at work. For several months already, each team had been working with more or less intensity on problem solutions in defined problem areas. From the very beginning, these teams did not care much for the basic document. Team "X" which prepared the above-mentioned drafts on business and self-determination, was maybe the most loyal one with respect to the basic document. Thus arose a problem of reconciliation of all the work performed by particular task forces during the recent months. The minutes of the "Basic Assumptions" have to be binding on those who prepare detailed solutions--this is a precondition for preparation of a cohesive entity. Of course, we still don't know how the second version will be accepted.

[Question] Does it differ from the first one? Are you satisfied with this "second approach?"

It is difficult for me to evaluate it, after all I'm a co-author (we've done away with anonymity). It does seem, however, that if there had been a little more time it could have been better prepared. I think that after a discussion of this draft, and I do expect a critical discussion, we will have a chance to improve it. Do I like it? I'd like to insist that this is a more mature and tremendously more effective document than the previous one. This half-year of great intellectual awakening has definitely borne a harvest.

[Question] On what premises did you begin your work?

[Answer] The premises are similar each time, there simply cannot be any others. In addition to the first draft prepared by the commission there were also some six or seven social proposals. In my opinion they all have originated from the same or, generally speaking, similar assumptions. This resulted in a deep consistency of fundamental lines.

[Question] This is perhaps possible in a more abstract sense.... As for myself I perceive serious differences between the draft submitted by the team headed by Dr Leszek Balcerowicz and the government draft.

[Answer] It seems to me that the fundamentals, on which rest all current drafts, are supporting the same point. Among those fundamentals I would include: popularization of central planning, focusing of this planning on central decisions, a change in the planning methodology. And as for business--independence, self-government and self-financing.

[Question] But those are only slogans. They are capable of different interpretations. For example, some want the self-government to be the comanager of the business as well, others--want it to govern the business. And both sides quote the same self-government principle.

[Answer] Of course, when it comes to detailed interpretation we can see the beginning of far-reaching differences. However, I repeat that those are only differences in specific solutions. They often also pertain to a certain degree of radicalism in the decisions, in particular where they pertain to the time and method of implementation of the reform. There are those who favor one single strike, even if this were linked with a great degree of social and political risk. It works somewhat on the principle: Let's jump off this cliff--maybe we'll find something interesting at the bottom.

[Question] Are you not an advocate of a one-time, radical reform?

I believe that everyone should have the right to assume a risk, however, as an expert I would never propose that the risk should be borne by a nation of 36 million.

[Question] Do you regard the Balcerowicz team draft as just such a proposal?

[Answer] I would not say that. I did not find any dangers in the text of the draft, but I did find some dangers in many of its interpretations.

[Question] But this proposal stipulates reform at a single sweep, immediately, and to such an extent that there would be no way to turn back. The economists who collaborated with Balcerowicz are of the opinion that by a gradual introduction of the reform there is the danger that the attempt may be forsaken.

[Answer] They are absolutely right. For some time we have been all aware of this danger. However, a question arises--is there any way other than gradually? This is not by reason of bureaucratic resistance or conservative tendencies in the government structure but because of real sociopolitical barriers. As an economist, I would opt for radical solutions without hesitation, they are the cleanest, logical, are capable of giving quick results and finally--they present no dangers of destruction. The crux of the matter is that the society would have to accept them. This means above all they would have to agree to a drastic reform of retail prices. If someone has absolute confidence that this is possible, let him come forward with such an idea. However, my assessment of the situation is different.

[Question] Then in your opinion, the impossibility of passing a one-time change in retail prices would prejudice it in favor of a gradual reform. Then according to your way of thinking, what scale of price reforms would be acceptable to the society?

[Answer] I shall answer your question with a question: During what period of time, in your opinion, one can take away 30-40 percent of earnings from those in the middle income bracket? Because such is the magnitude of the radical reform if you take into account rebates to middle-income groups.

[Question] This question should have been discussed with the population a long time ago?

[Answer] You are right, every day of delay is only making the starting situation worse. The inflation gap and its burden are growing, and with them grows the amount of regulation which they cause.

[Question] I understand that the second draft of the proposal contains a concrete suggestion for solving the pricing problem.

[Answer] The transition period has received detailed treatment in the second draft. As it concerns retail prices, the initial, large step should become accomplished as early as this year. In addition to food prices, I would propose raising the price of some items of industrial origin, in particular luxury, semiluxury and utility items. This would include alcoholic beverages, cigarettes, luxury-type clothing, furniture, household utensils, etc.

[Question] All the previously introduced price increases have included this group of merchandise. Traditionally a large portion of industrial products [consumer goods] is included in the luxury group. Are those prices really so much lower?

[Answer] No, often they are simply too high. But what can you do when you raise food prices, which requires monetary rebates? It will to some degree contribute to the filling of the market gap, which today is estimated at 500 billion zloty per year. In some cases the price increase will upset the proper relationship, however, the far greater misfortune is the existence of devastated markets and a growing gap.

[Question] I hope that the final objective of the price reform is not only a restitution of market balances but also an establishment of proper price relationships.

[Answer] But of course. Nevertheless, today we have to accept certain target priorities, in order to introduce the reform, the most important step will be reestablishment of functioning markets. Current rules have to be supplanted by a market mechanism, but in the first place this mechanism must begin working. This means that a change in supply prices has an equally fundamental importance. The draft of the regulation is already prepared, it is to take effect on 1 January 1982.

[Question] Introduction of a market mechanism is directly tied with abandonment of management by decree.

[Answer] This is our Rubicon, the crucial matter in the reform--a complete and unconditional rejection of everything called "traditional means." This means pinpoint-type directives, limitations and allocations. Otherwise we will become mired in compromises and we have the worst perspective. But this does not mean that the state should forego the obligatory instruments with which to guide the economy, such as, establishment of laws, tax-revenue levels and, in some cases, central determination of certain prices.

[Question] When do you propose we depart from directives and orders?

[Answer] Unfortunately, these methods cannot be completely abandoned during the transition period. Should there be a shortage of something then someone, with a purpose in mind, must do the division.

[Question] When prices and other parameters are properly stabilized, then the means of a deficit will flow where they can be best exploited....

[Answer] It is my contention that every business, every factory should have a chance to live through the reform. During the period of grace (its length ought to be determined) an equalization of the starting conditions would take place. I would not make a rash judgment as to who is better or worse.

[Question] A partial, as I understand it, departure from the system of directives, at the present, and a complete break in the not so distant future does not create, per se, a necessity to create as many as three new branch-type ministries of industry, but--did not just such a proposal come forward?

[Answer] Are you asking me if I agree with this concept? No, I do not--I believe that just one branch-type ministry of industry would be sufficient. The remaining [government] departments will probably mobilize all their forces in order to justify their existence and will attempt to continue to fulfill their distributive functions. This may pose a danger to the reform.

[Question] What are the arguments of those who claim that it would be sufficient to reduce only the number of ministerial branches?

[Answer] Well, those arguments run as follows: the very merger of ministries will lead to qualitative changes which will exclude a possibility of their fulfillment of their directive-distributive fantasies. Generally speaking a problem is being created--to whom do we turn to conduct this reform, because so far we have nothing but opponents?

[Question] This conflict will not arise if technological progress at last becomes a deciding factor as to whether a plant has a reason to exist. In this area, the directive methods have resulted in a complete fiasco. Additionally, scientific research could, to a large extent, be financed by the state.

[Answer] Throughout the world progress is born from business. And everywhere there still exists an unresolved conflict between self-government and managerialism.

[Question] I do not believe that the system, as outlined in the above-mentioned documents, could solve this problem, even to a small degree. What do you propose?

[Answer] I also do not have any illusions with regard to both drafts. I have already said it--I was against the resolutions contained in them. Instead, I propose to go without demagoguery, without slogans against the public; we need a plurality of business types. We need self-governed and managerial businesses, cooperative and public utility businesses. A plurality has an important meaning,

in particular during a transition period, in conditions of great uncertainty. This concept has been noted in the second draft of the reform.

[Question] What types of businesses have been singled out in this document?

[Answer] First of all, the classic self-governing type, this pertains to the majority of businesses. The business operates on the principle of self-financing, the personnel decide on the division of income. However, during the transition period, because of regulation and the fixing of a great number of prices by the state, this model will encounter difficulties. A self-governed business cannot fully spread its wings. This has created a different variant of the economic system, more--shall we say--paternalistic, which is characterized by only a public relations-type of responsibility of the personnel for the economic results. Here, the pay parameters are subject to negotiations with trade unions, based on total indicators of economy. In those businesses there is also an incentive system in the form of a bonus fund. Its growth is unlimited. This model is worth applying where there are many external limitations, such as prices being fixed from above. Also admissible would be a solution in between a fully self-financing and a paternalistic system.

[Question] It seems that there ought to be time to discuss this project and to draw conclusions, before resolutions are passed, as this would prejudice, in a great measure, the shape of the reform.

[Answer] The draft was prepared with the intention that it would be discussed and that it would become the focal point for all other efforts connected with the reform.

[Question] In this interview we have devoted a lot of time to the transition period because you are the author of this very portion of the draft. How long will this period last? When will we begin to feel the positive effects of the reform?

[Answer] It is my opinion that at the turn of 1981-1982, we will introduce the basic proposal of the reform. If during that time, or later, the forces opposing the reform cannot obtain a decision, also if the decisions of political economics are favorable and to the point, then in 1983 we will be able to begin, I hope, to restore and raise the standard of living.

[Questioner] Thank you for the interview.

Pricing Problems Discussed

Gdansk GLOS WYBRZERZA in Polish 10-12 Jul 81 p 3

[Interview with Prof Dr Jan Mujzel, director of Planning Institute in Warsaw by Teresa Kwasniewska: "Price Shock Risk"; date and place not given]

[Text] [Question] Professor, what was announced in the Sejm by the premier has become the theme of the day. There is discussion concerning its different variants. The question which evokes most arguments is whether, in view of the current economic

crisis, the rebate regulations will treat all people equitably, who will principally foot the bill for pushing the reform through and is it a solution of the problem to take away from some in order to help others?

[Answer] Let us recall that the roots of the crisis are buried in the uncommonly large and stubborn errors and irresponsibilities of the socioeconomic policies of the seventies. There was an attempt to replace the burning need for fundamental reconstruction of the ineffective and unaccepted socioeconomic system by indeptedness and thoughtless search for foreign credits. This was the main avenue of approach to effect hasty, attractive growth of investments and consumption. It was accompanied by faulty placement of investment outlays which did not correspond to the needs and were not budget responsive, resulting in overinvestment or eventual neglect of particular areas.

The result of such policies is perhaps the most dangerous aspect of the current crisis--it increases downward trends in production, affects creation of national income and what follows--it unavoidably decreases the possibilities of supply and consumption. Going a step further, one has to say that the underlying causes were the defects of the system, its bureaucratization and antidemocratism.

[Question] The solution of the crisis and above all its market aspects cannot be achieved without a substantial price increase. This is in store for us and do we have to agree to it?

[Answer] Unfortunately yes. We would like, however, to make this operation as painless as possible. We must, therefore, as speedily as we can, do everything within our power to increase supply and to curb demand, i.e., monetary expenditures, without damaging the important social aims or the course of the economy. Currently, every day would represent a massive saving of money not consumed by goods. The current inflation gap, reached in 1981, is 35-40 percent. In this calculation are included a price increase of several percentage points and upkeep costs, meaning growth at the present rate. The combined, projected, worth of market supplies, in the current year, amount to about 1.4 trillion zloty. The combined monetary holdings of the population, in PKO [General Saving Bank] accounts and in ready cash, up to the end of the current year--about 800 billion zloty, this includes probably no less than 200 billion zloty in compulsory savings, which exerts additional pressure on the current balances between supply and demand. In view of such a scale of disproportion any nonpricing means of economic balancing may not be sufficient.

One more argument may be voiced in favor of the price increase: deeply deformed price proportions between basic food articles and services, on one side, and many consumer goods, on the other. This deforms decisions in all areas--production, demand and consumption.

[Question] The rebate rules should be based not only on the type of price increases but also on the specifics of the current situation.

[Answer] Of course! A completely different system is needed for normal, mild inflation, where retail prices grow at a yearly rate of 5-6 percent, such growth will distribute itself uniformly with time and will encompass more items. Another system, if the increase is a violent one, when as a result of a basically one-time operation the general level of prices rises above 20-30 percent, and--this is particularly important--it is concentrated on basic goods whose prices jump two-fold or higher.

In the first case, all kinds of formulas for linking average pay with the consumer price index are possible. In the second case, which is the case currently before us, the adjustments must be instantaneous, direct and in cash.

[Question] According to you then, what are the most salient points of the equalization of losses operation?

[Answer] To give so much to so many in rebate adjustments that the retail-price reform be found acceptable by a deciding majority of the working class and of the entire population. This cannot be formulated somewhere at a desk, in somebody's office, as a result of small internal projects and discussions. It is difficult even to imagine what the scenario would be in case of rejection by the society of the price reform and, in consequence, of the entire reform.

[Question] How can you avoid the eventual risk?

[Answer] First of all, the size and the extent of the increase should not be exaggerated. As an economist I am fully aware that a 40 percent inflation gap and unbelievably low prices of many basic items would demand a large-scale reform. There are already proposals for a one-time, upward price adjustment of over 100 percent. I would caution against this. I believe that a society has a certain absorption limit to "price shock," which occurs when price increases are responsible for crucial changes in living conditions. Thus, in preparation for a price reform I would advocate moderation, consideration and, above all, the gaining of initial support from worker personnel and organizations.

In addition, there are large, built-in reserves of progress existing in our society. Positive ones, resulting from our human, and materiel potential and negative ones, results of massive wastefulness, disorganization and wasted chances. Therefore, I consider that an economic reform in conjunction with accurate and firm decisions by the authorities should, in a short time, bring marked results in production, exports and consumption. This should reinforce the "painless" supply factors of market balance and quality.

Remember the centuries-old principle which states that if we are facing a highly uncertain social decision, it is better to realize it, if possible, by evolutionary methods. Some call it the principle of incrementalism. I believe that such an approach should also be taken with respect to retail price reforms.

[Question] Some people may object to this, there are many daredevils who like to play poker.

[Answer] It is one thing to place in balance one's own income, or even fate, but it is quite another thing to play with the fate of 36 million people. If the so-called economic experts attempt to even suggest such a solution then they are simply irresponsible.

When we talk about refund, it ought to be said that this is a maneuver which should protect, in the first place, the purchasing power of the economically weakest groups. As a rule this causes a relationship change in the division of income. There is a widespread opinion among the people that at the present these relationships are unjust and that the pay/income differences are excessive. We should avoid simplification and emotional involvement when approaching this problem. Statistics prove that during the past year there was a flattening of the differences. Once certain limits are passed, this process would encourage stimulation in the direction of initiative, harder work, energy, resourcefulness--characteristics which are worth their weight in gold when overcoming a crisis.

In case of a sudden price increase, a direct rebate has to be planned differently, with regard to immediate need, basic items, and still differently for items without such character, like luxury, semiluxury and utility items. Whereas in the first group the rebate, for sociological reasons, should be high--it is designed to equalize the entire, or the major portion of the loss suffered by the citizen due to the price increase--then in the second group there is no such compulsion. One may draw an unjustifiable conclusion that the planned increases should include only the articles of the second group, and that no direct rebate should be anticipated. But it is in the prices of basic items that the most drastic low prices are evident, not to mention the most serious supply problems. I would, therefore, favor a reform which would take into account both extremes of the goods structure: basic item group (bakery products, dairy products, energy, etc.) and a large parcel of luxury, semiluxury and utility items.

[Question] With this approach, do you support the direct rebate proposal on general principle, calculated on the basis of the so-called social minimum?

[Answer] All employed persons and all those who receive an income from the socialized sector would be entitled to a uniform, equivalent rebate, which would correspond to the additional costs which the income recipient would incur, based on the level of that minimum. Let us assume that this fixed monthly equivalent amounts of 1,000 zloty. For those earning 3,000 zloty this would mean a rebate of 33 percent, those earning 15,000 zloty--a little over 5 percent. From the point of view of closing the inflation gap this presents a solution of half-efficiency because it requires, in total, large expenditures for bonuses. But it does completely protect, in turn, the incomes of those who earn the least and it gives a return of cost outlays on the national level for the remaining worker group.

The burden of the reform and the achievement of balance would then be borne by those who buy basic items in quantities which are excessive to the [socially indispensable] norm, and who can afford to buy items of a higher order--luxury, semiluxury and utility items. I think this could possibly become a "golden mean" between the reduction of purchasing power and a further flattening of income differences, on one side, and a material stimulus toward productive work, on the other.

[Question] And how much would this cost the economy?

[Answer] The most expensive is the delay of the reform. The delay causes a further devastation of the market and a deepening of the economy deregulating mechanisms.

Economic Reform Problems

Warsaw ZYCIE WARSZAWY in Polish 23 Jul 81 pp 1-2

[Interview with Prof Dr Hab Jan Muzjel, director of Planning Institute and member of Reform Commission, by Jacek Mijkowski: "Do We Have a Chance?"; date and place not given]

[Text] [Question] A fundamental question by the doubtful ones: What will I and my family gain if we speak for the reform. So far we only hear disclaimers.

[Answer] The reform, coupled with a responsible economic policy, will permit us to overcome the current crisis, which is getting deeper and deeper. At this moment, we have a production drop of the order of 16-18 percent as compared to last year. This is a breakdown the likes of which the world has not seen since World War II.

[Question] But more to the point, what will the reform produce?

[Answer] The first thing to improve will be supply. Later, the value of money will be restored. And finally, what is of interest to young people is that the reform will give them a chance for social self-expression, for example, in self-determination of factories, etc. Karl Marx referred to it as overcoming alienation from work--I don't wish to use big words--but there is something to it.

[Question] In addition to talking about the reform, is there anything being done?

[Answer] There are some indications which favor guarded optimism. Since July the reform of the PGR [state farms] and small-scale industry has been in effect. As to whether good solutions have been implemented, this is subject to discussion. It is progress. There is no doubt that these two aspects of the economy will become our own laboratory of the reform and we must watch them closely. Furthermore, three statutes--on business, self-government and trade unions--are in their final stages in the Sejm, provided that the bureaucrats do not foul something up. And finally three matters on which work is continuing--plans for 1982 and 1982-85, the business economics system and retail-price reform. Here lies the crux of the matter--whether the reform will be implemented with the beginning of the next year.

[Question] It is being said that the former reforms did not work because they were introduced under duress (crisis, social pressure, etc.).

[Answer] Those reforms did not work principally because the authorities did not want them. Reform attempts toward the end of the fifties and at the beginning of the seventies were treated by the authorities like an unwanted child. The authorities decided on a reform only when they believed, from a survival point of view, that they were indispensable. And whenever the situation permitted, they immediately sought substitutes so that they could pursue their own way--either by economic maneuvering or by foreign credits--while at the same time backing out of the reform.

[Question] We are now dealing with the same situation.

[Answer] If this is really so, then the reform will not work. However, I wish to believe that the current situation in the country cannot be comparable to the previous ones. A completely different social structure has come into being, different social mechanisms, both in the party and in "Solidarity." I'm building my hopes on seeing that what has toppled over twice will not topple over for the third time.

[Question] What could act as a booster that would pull us out of this morass? In the fifties they exploited human enthusiasm, financing of the progress through limitation of social production ended in the sixties, foreign investments and credits have been exhausted in the seventies.

[Answer] The driving force today must be social awareness. This is most important. The attitude of working groups and their trade and self-government organizations. Additionally, I don't wish to exaggerate, but I believe that our economy is oversaturated with reserves. We have never before had such an intelligent society, such an industrial cadre which has so much matured for participation in a scientific-technical revolution. We have never had--despite horrible errors in investment policies--such a production apparatus as we possess now. There are also negative reserves--wastefulness, disorganization, the wasting of thousands of social chances each day.

[Question] Will it be possible, after 30 years of placing people in ineffective work, that we may return to the honest work ethic?

[Answer] Please look at those Poles who lived here for 30 years and were later thrown into completely different conditions abroad. They managed to show themselves in good light, even to shine, to astound with their resourcefulness, energy, discipline and talent. Time in Poland is passing like a flash now, therefore, the people here must learn faster.

[Question] Will it be possible to reconcile economic efficacy with full employment and social justice, which lately has been understood to be: "equal to all?"

[Answer] Mechanical egalitarianism cannot be reconciled with effectiveness. However, does the reform have to be linked with unemployment? I don't know. I have never encountered sufficient arguments, not in the Planning Commission nor in economic discussions, which would justify such a theory. But it is unavoidable to have a, so-called, translocation of work forces, for which--it has to be admitted--we are not prepared. There most certainly will be friction on this subject. Many people will have a feeling of a personal wrong, and all this makes excellent fuel for attacking the reform.

[Question] In addition to an unwilling population, there is also an unwilling government and an unwilling "Solidarity," all of them afraid to make an unpopular move.

[Answer] The most unpopular matter is the reform of retail prices. Should the government and "Solidarity" decide against it, that would indicate that they have failed to measure up to the level of their historical mission.

[Question] All the previous regimes have tripped on price increases, is this not too much of a burden?

[Answer] It appears to me that at the present we have better chances to introduce price increases than ever before. Earlier, a price increase could not be successful because there was no contact between the government and the population. Today, for the first time in the history of the Polish People's Republic, the government has a partner whom it must regard as a trustworthy source of information on the state of thinking of the working class.

[Question] Is it known how large a price increase would be tolerated, without pain, by the people?

[Answer] This is yet to be verified. We need a yardstick, but above all we need discussion, presentation of drafts, not in bureaus but in workers' dayrooms. This has to be conducted for so long that, eventually, the people will themselves recognize that an increase is just and unavoidable. I'm an opponent of "hurrah" type programs, which claim that the increase will be 110-120 percent or maybe even more. Those concepts are false and they hide a risk of violent rejection of the reform by the society.

[Question] A small increase will not lead to a market balance, so it will be necessary to continue regulation. Thus we will have a piece of the old system in the new one. Will this cause a "dilution" of the reform?

[Answer] Do you know what Milton Friedman, a Reagan economist, said--"We can remedy it all in 24 hours, all you have to do is deregulate prices." And he is right! It should be done just like that, from an economist's point of view. But, is it possible here? Do you perceive any politician who would say this and then assume all responsibility? No. Therefore, all this ballast--regulation, partial retention of unity, etc.--this is the price we pay for preventing social unrest.

[Question] What has to be done, so that after the transitional period, we can immediately squash those "old links?"

[Answer] I propose that the list of controlled goods be prepared by the Sejm and not by the government. However, the government should do everything possible to shorten the list every year. My own thoughts are that during the transitional period three areas should certainly come under control: foreign exchange, electrical energy and coal. Regulation of a great number of goods, that's an exercise in bureaucratism.

[Question] There is still an argument: should one wait first for stabilization and then introduce the reform or should it be done the other way around?

[Answer] I believe the reform should not be delayed. Lack of stabilization is the inherent function of the present system. Stabilization and achievement of balance are possible only then when the system is changed. I have no illusions that we will have to settle for compromises in our solutions. A pure model of the reform, under our circumstances, is unrealistic.

[Question] What, in your opinion, is necessary to complete the "critical mass" before the reform becomes functioning?

[Answer] I regard as the most important component of this "mass" the rejection of traditional directives in the relations between the center and business. Were this to begin working starting next year, then we will reach this critical mass.

[Question] Has the reform a chance of materialization if those who are the least interested--party apparatus, ministries, associations--will make decisions and will instill the reform?

[Answer] I would be wary of such black/white concepts. There is a part of the regime's apparatus that will certainly do everything under the sun to torpedo the reform. However, in the same apparatus there are also many people who are not stupid, who are honest and who are active on behalf of the reform.

[Question] Do you have an actual person in mind?

[Answer] For example, I count on the Ministry of Finance, banks and certain personnel groupings of the Planning Commission. Additionally, there is such a feeling of pressure among the public that even in a branch-type industrial ministry it would be impossible to step out against the reform.

[Question] Maybe not openly, but it can still be sabotaged....

[Answer] Can be, as to that I don't have the slightest doubt. However, is it always done with full cynicism? I doubt it.

[Question] What can be done in order to obtain forceful and active support for the reform?

[Answer] A fundamental matter is the self-determination of "Solidarity" to support the reform. This 10-million-member organization, as a whole, must come out for the reform and at the same time formulate conditions which would have to be accomplished, from a social point of view, in order that the organization itself could actively join in the task. A second matter is the party. Will the new leadership which has taken the helm, become a leadership on the side of the reform? Declarations are not enough. They must be followed by political changes--for the benefit of democracy--definition of the leadership role of the party, increase of the Sejm's prestige, etc.

[Question] There are those who believe that chances for the reform are shrinking with the passage of time: The economic structure is stiffening, people are less willing to see a change and the costs grow larger.

[Answer] This may be so, but at what time in Poland were we really able to undertake a reform? In Yugoslavia, for example, they worked on a reform practically since 1948, when they broke away from the Cominform. Only in 1955 did they decide to introduce the self-government system. The Hungarians started working on a reform immediately after the events of 1956, when the Kadar faction became strengthened, and the reform was introduced in 1968. All this requires time, in particular when one is dealing with such a complicated socioeconomic system.

[Question] Are you convinced that we shall be able to accomplish it all? Do you have any misgivings?

[Answer] When I look at the "finishing touches" applied to some documents which are vital to the reform, I cannot sleep nights. It is improbable, but I fear that I will not be able to catch some of those "postscripts," and that I will not be able to make sufficient noise in time and to avert the thing. I am also afraid that the working class may refuse to accept responsibility, based on the size of their pay, for the financial results of the enterprise--as provided for in the reform. Will they accept? Will they accept only the benefits without the responsibilities? I link it immediately with "Solidarity." I'm banking on them.

I still believe in the instinct of the nation. This is the last trump card that we have to play, will we take advantage of it? Today plaudits earn slander, arguments and mudslinging. But sometime this ferment has to cease. We have to get hold of ourselves and finally do something, even if we do have so many differences among us.

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